

SENATE BILL 387
By Haynes

AN ACT to amend Tennessee Code Annotated, Title 13
and Title 67, relative to low-income housing.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Title 67, Chapter 5, Part 6, is amended by
adding the following as a new section:

67-5-607

(a) Property used for affordable housing which has received a low-income
housing tax credit authorized by Section 42 of the Internal Revenue Code of 1986, as
amended, shall be assessed under this part pursuant to this section.

(b)

(1) The tax credits associated with and the financing generated by the tax
credits may not be considered as income to the property or value related to the
property.

(2) The rental income paid with respect to the use of the rent-restricted
units in such property shall be recognized by the property appraiser as a
mitigating factor.

(3) Any costs paid by or with respect to the tax credits, or financing
related to the tax credits, may not be included in the valuation of the property
(including the determination of the cost basis or replacement value of the
property).

(4) If an extended low-income housing commitment or covenant is
recorded in the official public records of the county in which the property is
located, the commitment or covenant, and any recorded amendment or

supplement thereto, shall be considered a land-use restriction and a limitation on the highest and best use of the property during the term of the commitment, amendment, or supplement.

(5) Any other evidence of the value of the property shall be considered only in connection with the actual use of the property for affordable housing or as property subject to a low-income housing tax credit.

SECTION 2. This act shall take effect July 1, 2005, the public welfare requiring it.